

Exhibit 30

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2010

or

☐ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-24363

Interplay Entertainment Corp.

(Exact name of the registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

33-0102707

(I.R.S. Employer
Identification No.)

12301 Wilshire Blvd., Suite 502, Los Angeles, California 90025

(Address of principal executive offices)

(310) 979-7070

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act: **Common Stock, \$0.001 par value**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒.

As of December 31, 2010, the aggregate market value of voting common stock held by non-affiliates was approximately \$8,000,000 based upon the closing price of the Common Stock on that date.

Portions of the Registrant's definitive proxy statement relating to its 2010 annual meeting of stockholders, which will be filed with the Securities and Exchange Commission pursuant to regulation 14A within 120 days of the close of the Registrant's last fiscal year, are incorporated by

As of March 31, 2011, 122,662,052 shares of Common Stock of the Registrant were issued and outstanding.

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This Report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934 and such forward-looking statements are subject to the safe harbors created thereby. For this purpose, any statements contained in this Report except for historical information may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, our use of words such as "plan," "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate" or "continue" or the negative or other variations thereof or comparable terminology are intended to help identify forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements.

The forward-looking statements included in this Report are based on current expectations that involve a number of risks and uncertainties, as well as certain assumptions. For example, any statements regarding future cash flow, cash constraints, financing activities, cost reduction measures, and mergers, sales or acquisitions are forward-looking statements and there can be no assurance that we will affect any or all of these objectives in the future. Additional risks and uncertainties that may affect our future results are discussed in more detail in the section titled "Risk Factors" in "Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Assumptions relating to our forward-looking statements involve judgments with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the assumptions underlying the forward-looking statements are reasonable, our industry, business and operations are subject to substantial risks, and the inclusion of such information should not be regarded as a representation by management that any particular objective or plans will be achieved. In addition, risks, uncertainties and assumptions change as events or circumstances change. We disclaim any obligation to publicly release the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances occurring subsequent to the filing of this Report with the SEC or otherwise to revise or update any oral or written forward-looking statement that may be made from time to time by us or on our behalf.

Interplay®, Interplay Productions®, Games On Line® and certain of our other product names and publishing labels referred to in this Report are the Company's trademarks. This Report also contains trademarks belonging to others.

PART I

Item 1. BUSINESS

Overview and Recent Developments

Interplay Entertainment Corp., which we refer to in this Report as "we," "us," or "our," is a publisher, distributor and licensor of interactive entertainment software for both core gamers and the mass market. We were incorporated in the State of California in 1982 and were reincorporated in the State of Delaware in May 1998. We are most widely known for our titles in the action/arcade, adventure/role playing game (RPG), and strategy/puzzle categories. We have produced and licensed titles for many of the most popular interactive entertainment software platforms.

We seek to publish or license out interactive entertainment software titles that are, or have the potential to become, franchise software titles that can be leveraged across several releases and/or platforms, and have published or licensed many such successful franchise titles to date.

We own the intellectual property rights in several recognized video games and intend to develop sequels to some of our most successful games for the current generation of video game consoles, personal computers and mobile devices.

In 2007 we sold "Fallout" to a third party and entered into, subject to satisfaction of various conditions, a license back which could allow us to create, develop and exploit a "Fallout" Massively Multiplayer Online Game. We are planning to exploit the license back of "Fallout" MMOG.

We have entered into various agreements with several experienced Video Game studios for the development of games based on intellectual properties we either own or have licensed. As a result of such agreements we currently have under production or pre-production games based on Battlechess, Clayfighter, Dark Alliance, Descent, Earthworm Jim, MDK2 and Stonekeep. These games when completed will be available for various platforms including Mobile devices, Apple iPod and iPad, Nintendo Wiiware and DSiware, Xbox Live Arcade and Personal Computers. We also continue full scale development of a Massively Multiplayer Online Game (MMOG), code named "Project: V13" for personal computers. This MMOG has been in design and development at Interplay since November 2007. We are planning to publish 3DS and Facebook games in the future.

In 2010, we launched, *Interplay Discovery*™, a new publishing program for original games to introduce promising developers from all over the world to the global market by releasing great indie new games on all platforms. We already released *Pinball Yeah!* on iPhone, Android, PC & Mac, *Tommy Tronic* on PC and *Homesteader* on PC under this program. We expect in 2011 to release at least two more new titles under this program. Two new other games are already signed and under development for 2011 releases.

Our development partners are working under the direction and control of Interplay's creative team to complete development of each project to very high quality standards.

Our business and industry has certain risks and uncertainties. For a fuller discussion of the risk and uncertainties relating to our financial results, our business and our industry, please see the section titled "Risk Factors" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our principal activities involve publishing of video game products, licensing of our intellectual property rights, online distribution, back catalog licensing and OEM/ merchandising.

Products

We publish, distribute or license interactive entertainment software titles that provide immersive game experiences by combining advanced technology with engaging content, vivid graphics and rich sound.

Our strategy is to invest in products for those platforms, whether PC, video game console or mobile devices, that have or will have sufficient installed bases or a large enough number of potential subscribers for the investment to be economically viable. We are currently internally developing one new product and have six new products in production and three in pre-production externally.

We are currently looking for the best Facebook developers to team up with and together create social games based on some of our IPs, like Earthworm Jim, Descent, Dark Alliance and others.

Intellectual Property and Proprietary Rights

We regard our software as proprietary and rely primarily on a combination of patent, copyright, trademark and trade secret laws, employee and third party nondisclosure agreements and other methods to protect our proprietary rights. We own or license various copyrights and trademarks. We hold copyrights on our products, product literature and advertising and other materials, and hold trademark rights in our name and certain of our product names and publishing labels. We have licensed certain products or entered into distribution agreements with third parties for distribution in particular geographic markets or for particular platforms, and receive sales proceeds or royalties on such licenses and distribution agreements. We have also outsourced, from time to time, some of our product development activities to third party developers. We contractually retain all intellectual property rights related to such projects. We have also licensed certain products developed by third parties and pay royalties on such products.

While we provide "shrink wrap" license agreements or limitations on use with our software, the enforceability of such agreements or limitations is uncertain. We are aware that unauthorized copying occurs, and if a significantly greater amount of unauthorized copying of our interactive entertainment software products were to occur, our operating results could be materially adversely affected. We have used copy protection on selected products and do not provide source code to third parties unless they have signed nondisclosure agreements.

We rely on existing copyright laws to prevent the unauthorized distribution of our software. Existing copyright laws afford only limited protection. Policing unauthorized use of our products is difficult, and we expect software piracy to be a persistent problem, especially in certain international markets. Further, the laws of certain countries in which our products are or may be distributed either do not protect our products and intellectual property rights to the same extent as the laws of the U.S. or are weakly enforced. Legal protection of our rights may be ineffective in such countries, and as we leverage our software products in foreign markets, such as using the Internet and on-line services, our ability to protect our intellectual property rights, and to avoid infringing the intellectual property rights of others, becomes more difficult. In addition, the intellectual property laws are less clear with respect to such emerging technologies. There can be no assurance that existing intellectual property laws will provide our products with adequate protection in connection with such emerging technologies.

As the number of software products in the interactive entertainment software industry increases and the features and content of these products further overlap, interactive entertainment software developers may increasingly become subject to infringement claims. Although we take reasonable efforts to ensure that our products do not violate the intellectual property rights of others, there can be no assurance that claims of infringement will not be made. Any such claims, with or without merit, can be time consuming and expensive to defend. From time to time, we have received communications from third parties asserting that features or content of certain of our products may infringe upon such party's intellectual property rights. In some instances, we may need to engage in litigation in the ordinary course of our business to defend against such claims. There can be no assurance that existing or future infringement claims against us will not result in costly litigation or require that we license the intellectual property rights of third parties, either of which could have a material adverse effect on our business, operating results and financial condition.

Product Development

We currently have a total of nine new products in various stages of development. Our in-house game development studio oversees all stages of game development.

During the years ended December 31, 2010, 2009 and 2008, we spent \$514,000, \$279,000 and \$328,000 respectively, on product research and development activities. Those amounts represented 43%, 21% and 24% respectively, of net revenues in each of those periods.

Segment Information

We operate primarily in one industry segment, the development, publishing and distribution of interactive entertainment software. For information regarding the revenues associated with our geographic segments, see Note 12 of the Notes to our Consolidated Financial Statements included elsewhere in this Report.

Sales and Distribution

North America. We distribute our products and intellectual property rights in our video games in North America and other selected territories from our corporate offices in Los Angeles, California.

International. We distribute our products and intellectual property rights in our video games in Europe and other selected territories thru our wholly owned subsidiary, Interplay Productions Ltd, located in London, England.

Licensing

We entered into various licensing agreements during 2010 under which we licensed others to exploit games that we have intellectual property rights to.

Marketing

We assist our distributors in the development and implementation of marketing programs and campaigns for each of our titles and product groups.

Competition

The interactive entertainment software industry is intensely competitive and is characterized by the frequent introduction of new hardware systems and software products. Our competitors vary in size from small companies to very large corporations with significantly greater financial, marketing and product development resources than ours. Due to these greater resources, certain of our competitors are able to undertake more extensive marketing campaigns, adopt more aggressive pricing policies, pay higher fees to licensors of desirable motion picture, television, sports and character properties and pay more to third party software developers than us. We believe that the principal competitive factors in the interactive entertainment software industry include product features, brand name recognition, access to distribution channels, quality, ease of use, price, marketing support and quality of customer service.

We compete primarily with other publishers of PC, video game console and mobile interactive entertainment software. Significant competitors include Activision/Blizzard, Atari, Bethesda Softworks, Capcom, Electronic Arts, Gameloft, Konami, Lucas Arts, Namco-Bandai, Sega, Square-Enix, Take-Two Interactive, THQ and Ubisoft. In addition, integrated video game console hardware/software companies such as Microsoft Corporation, and Nintendo compete directly with us in the development of software titles for their respective platforms. Large diversified entertainment companies, such as The Walt Disney Company, and Time Warner Inc., many of which own substantial libraries of available content and have substantially greater financial resources than us, also compete directly with us or have strategic relationships with our competitors.

Seasonality

The interactive entertainment software industry is highly seasonal as a whole, with the highest levels of consumer demand occurring during the year-end holiday buying season. As a result, our net revenues, gross profits and operating income have historically been highest during the second half of the year. Our business and financial results may therefore be affected by the timing of our introduction of new releases.

Manufacturing

Our PC-based products, when physically distributed, consist primarily of CD-ROMs and DVDs, manuals, and packaging materials. Substantially all of our CD-ROM and DVD duplication is performed by third parties. Printing of manuals and packaging materials, manufacturing of related materials and assembly of completed packages are performed to our specifications by third parties. To date, we have not experienced any material difficulties or delays in the manufacture and assembly of our CD-ROM and DVD based products, and we have not experienced significant returns due to manufacturing defects.

Microsoft Corporation and Nintendo manufacture and ship finished products that are compatible with their video game consoles to our licensees for distribution.

If we experience unanticipated delays in the delivery of manufactured software products by our third party manufacturers, our net sales and operating results could be materially adversely affected.

Backlog

We do not carry any material inventories because all of our sales and distribution efforts are either thru electronic distribution or handled by our licensees under the terms of our respective agreements with them. We do not have any backlog orders.

Employees

As of December 31, 2010, we had 11 employees, including 7 in games development and 4 in finance, general and administrative.

From time to time, we have retained actors and/or "voice over" talent to perform in certain of our products, and we may continue this practice in the future. These performers are typically members of the Screen Actors Guild or other performers' guilds, which have established collective bargaining agreements governing their members' participation in interactive media projects. We may be required to become subject to one or more of these collective bargaining agreements in order to engage the services of these performers in connection with future development projects.

Additional Information

We file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission or SEC. You may obtain copies of these reports via the Internet at the SEC's homepage located at www.sec.gov. You may also go to our Internet address located at www.interplay.com/investors/ and go to "SEC filings" which will link you to the SEC's homepage for our filed reports. In addition, copies of the reports we file with the SEC may also be obtained at the SEC's Public Reference Room at 100 F Street NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by Calling the SEC at 1-800-SEC-0330.

Item 1A. RISK FACTORS

RISK FACTORS

Our future operating results depend upon many factors and are subject to various risks and uncertainties. These major risks and uncertainties are discussed below. There may be additional risks and uncertainties which we do not believe are currently material or are not yet known to us but which may become such in the future. Some of the risks and uncertainties which may cause our operating results to vary from anticipated results or which may materially and adversely affect our operating results are as follows:

RISKS RELATED TO OUR FINANCIAL RESULTS

We currently have some obligations that we are unable to meet without generating additional income or raising additional capital. If we cannot generate additional income or raise additional capital in the near future, we may become insolvent and/or be made bankrupt and/or may become illiquid or worthless.

As of December 31, 2010, our cash balance was approximately \$3,000 and our working capital deficit totaled approximately \$2,877,000. If we do not receive sufficient financing or sufficient funds from our operations we may (i) liquidate assets, (ii) seek or be forced into bankruptcy and/or (iii) continue operations, but incur material harm to our business, operations or financial condition. These measures could have a material adverse effect on our ability to continue as a going concern. Additionally, because of our financial condition, our Board of Directors has a duty to our creditors that may conflict with the interests of our stockholders. When a Delaware corporation is operating in the vicinity of insolvency, the Delaware courts have imposed upon the corporation's directors a fiduciary duty to the corporation's creditors. Our Board of Directors may be required to make decisions to fulfill its fiduciary duty that favor the interests of creditors at the expense of our stockholders. For instance, we may be required to preserve our assets to maximize the repayment of debts versus employing the assets to further grow our business and increase shareholder value. If we cannot generate enough income from our operations or are unable to locate additional funds through financing, we will not have sufficient resources to continue operations.

We have a history of losses, and may have to further reduce our costs by curtailing future operations to continue as a business.

For the year ended December 31, 2010, our net loss was approximately \$1,034,000. As of December 31, 2010 we had an accumulated deficit of \$2,843,000. Our ability to fund our capital requirements out of our available cash and cash generated from our operations depends on a number of factors. Some of these factors include the progress of our product distributions and licensing, the rate of growth of our business, and our products' commercial success. If we cannot generate positive cash flow from operations, we will have to continue to reduce our costs and raise working capital from other sources. These measures could include selling or consolidating certain operations or assets, and delaying, canceling or further scaling back operations. These measures could materially and adversely affect our ability to publish successful titles, and may not be enough to permit us to operate profitably, or at all.

Our ability to effect a financing transaction to fund our operations could adversely affect the value of your stock.

If we are not acquired by or merge with another entity, or if we are not able to raise additional capital by sale or license of certain of our assets, we may need to consummate a financing transaction to receive additional liquidity. This additional financing may take the form of raising additional capital through public or private equity offerings or debt financing. To the extent we raise additional capital by issuing equity securities, we cannot be certain that additional capital will be available to us on favorable terms and our stockholders will likely experience substantial dilution. Our certificate of incorporation provides for the issuance of preferred stock; however we currently do not have any preferred stock issued and outstanding. Any new equity securities issued may have greater rights, preferences or privileges than our existing common stock. Material shortage of capital may require us to take steps such as reducing our level of operations, disposing of selected assets, effecting financings on less than favorable terms or seeking protection under federal bankruptcy laws.

RISKS RELATED TO OUR BUSINESS

We may not be able to successfully develop a "Fallout" MMOG.

We plan to exploit the license that we hold to create a "Fallout" MMOG. We must satisfy various conditions to maintain our license. Although we believe that all such conditions have been met, our licensor Bethesda Softworks LLC filed a legal action attempting to terminate our license.

If we lose the pending litigation, our license to create a "Fallout"-branded MMOG may be terminated and we might not be able to successfully launch the game.

The lack of any credit agreement has resulted in a substantial reduction in the cash available to finance our operations.

We are currently operating without a credit agreement or credit facility. There can be no assurance that we will be able to enter into a new credit agreement or that if we do enter into a new credit agreement, it will be on terms favorable to us.

We continue to operate without a Chief Financial Officer, which may affect our ability to manage our financial operations.

We are presently without a CFO, and Mr. Herve Caen has assumed the position of interim-CFO and will continue until a replacement can be found.

Our business and industry is both seasonal and cyclical. If we fail to deliver our products at the right times, our sales will suffer.

Our business is highly seasonal, with the highest levels of consumer demand occurring in the fourth quarter. Our industry is also cyclical. The timing of hardware platform introduction is often tied to the year-end season and is not within our control. As new platforms are being introduced into our industry, consumers often choose to defer game software purchases until such new platforms are available, which would cause sales of our products on current platforms to decline. This decline may not be offset by increased sales of products for the new platform.

The unpredictability of future results may cause our stock price to remain depressed or to decline further.

Our operating results have fluctuated in the past and may fluctuate in the future due to several factors, some of which are beyond our control. These factors include:

- demand for our products and our competitors' products;
- the size and rate of growth of the market for interactive entertainment software;
- changes in personal computer and video game console platforms;

- the timing of announcements of new products by us and our competitors and the number of new products and product enhancements released by us and our competitors;
- changes in our product mix;
- the number of our products that are returned; and
- the level of our international and original equipment manufacturer royalty and licensing net revenues.

Many factors make it difficult to accurately predict the quarter in which we will ship our products. Some of these factors include:

- the uncertainties associated with the interactive entertainment software development process;
- approvals required from content and technology licensors; and
- the timing of the release and market penetration of new game hardware platforms.

There are high fixed costs to developing our products. If our revenues decline because of delays in the distribution of our products, or if there are significant defects or dissatisfaction with our products, our business could be harmed.

Our losses in the past have stemmed partly from the significant costs we incurred to develop our entertainment software products, product returns and price concessions. Moreover, a significant portion of our operating expenses is relatively fixed, with planned expenditures based largely on sales forecasts. At the same time, most of our products have a relatively short life cycle and sell for a limited period of time after their initial release, usually less than one year.

Relatively fixed costs and short windows in which to earn revenues mean that sales of new products are important in enabling us to recover our development costs, to fund operations and to replace declining net revenues from older products. Our failure to accurately assess the commercial success of our new products, and our delays in licensing existing products could reduce our earnings.

If our products do not achieve broad market acceptance, our business could be harmed significantly.

Consumer preferences for interactive entertainment software are always changing and are extremely difficult to predict. Historically, few interactive entertainment software products have achieved continued market acceptance. Instead, a limited number of releases have become "hits" and have accounted for a substantial portion of revenues in our industry. Further, publishers with a history of producing hit titles have enjoyed a significant marketing advantage because of their heightened brand recognition and consumer loyalty. We expect the importance of introducing hit titles to increase in the future. We cannot assure you that our licensing of products will achieve significant market acceptance, or that we will be able to sustain this acceptance for a significant length of time if we achieve it.

We believe that our future revenue will depend on the successful production of hit titles on a continuous basis. The failure of one or more new products to achieve market acceptance could cause material harm to our business. Further, if our products do not achieve market acceptance, we could be forced to accept substantial product returns or grant significant pricing concessions to maintain our relationship with retailers and our access to distribution channels. If we are forced to accept significant product returns or grant significant pricing concessions, our business and financial results could suffer material harm.

We have a limited number of key management and other personnel. The loss of any single member of management or key person or the failure to hire and integrate capable new key personnel could harm our business.

Our business requires extensive time and creative effort to produce and market. Our future success also will depend upon our ability to attract, motivate and retain qualified employees and contractors, particularly software design and development personnel. Competition for highly skilled employees is intense, and we may fail to attract and retain such personnel. Alternatively, we may incur increased costs in order to attract and retain skilled employees. Our executive management team currently consists of CEO and interim CFO Hervé Caen and President Eric Caen. Our failure to recruit or retain the services of key personnel, including competent executive management, or to attract and retain additional qualified employees could cause material harm to our business.

Our international sales expose us to risks of unstable foreign economies, difficulties in collection of revenues, increased costs of administering international business transactions and fluctuations in exchange rates.

Our net revenues from international sales accounted for approximately 35%, 23% and 17% of our total net revenues for years ended December 31, 2010, 2009 and 2008, respectively. To the extent our resources allow, we intend to continue to expand our direct and indirect sales, marketing and product localization activities worldwide.

Our international sales are subject to a number of inherent risks, including the following:

- recessions in foreign economies may reduce purchases of our products;
- translating and localizing products for international markets is time consuming and expensive;
- accounts receivable are more difficult to collect and when they are collectible, they may take longer to collect;
- regulatory requirements may change unexpectedly;
- it is difficult and costly to staff and manage foreign operations;
- fluctuations in foreign currency exchange rates;

These factors may cause material declines in our future international net revenues and, consequently, could cause material harm to our business.

A significant, continuing risk we face from our international sales and operations stems from currency exchange rate fluctuations. Because we do not engage in currency hedging activities, fluctuations in currency exchange rates have caused significant reductions in our past earnings from international sales and licensing due to the loss in value upon conversion into U.S. dollars. We may suffer similar losses in the future.

Some of our customers have the ability to return our products or to receive pricing concessions and such returns and concessions could reduce our net revenues and results of operations.

We are exposed to the risk of product returns and pricing concessions with respect to our distributors. Our distributors allow retailers to return defective, shelf-worn and damaged products in accordance with negotiated terms, and also offer a 90-day limited warranty to our end users that our products will be free from manufacturing defects. In addition, our distributors provide pricing concessions to our customers to manage our customers' inventory levels in the distribution channel. Our distributors could be forced to accept substantial product returns and provide pricing concessions to maintain our relationships with retailers and their access to distribution channels.

RISKS RELATED TO OUR INDUSTRY

Inadequate intellectual property protections could prevent us from enforcing or defending our proprietary technology.

We regard our software as proprietary and rely on a combination of patent, copyright, trademark and trade secret laws, employee and third party nondisclosure agreements and other methods to protect our proprietary rights. We own or license various copyrights and trademarks, and hold the rights to one patent application related to one of our titles. While we provide "shrink-wrap" license agreements or limitations on use with our software, it is uncertain to what extent these agreements and limitations are enforceable. We are aware that some unauthorized copying occurs within the computer software industry, and if a significantly greater amount of unauthorized copying of our interactive entertainment software products were to occur, it could cause material harm to our business and financial results.

Policing unauthorized use of our products is difficult, and software piracy can be a persistent problem, especially in some international markets. Further, the laws of some countries where our products are or may be distributed either do not protect our products and intellectual property rights to the same extent as the laws of the United States, or are weakly enforced. Legal protection of our rights may be ineffective in such countries, and as we leverage our software products using emerging technologies such as the Internet and online services, our ability to protect our intellectual property rights and to avoid infringing others' intellectual property rights may diminish. We cannot assure you that existing intellectual property laws will provide adequate protection for our products in connection with these emerging technologies. We lack resources to defend proprietary technology.

We may unintentionally infringe on the intellectual property rights of others, which could expose us to substantial damages or restrict our operations.

As the number of interactive entertainment software products increases and the features and content of these products continue to overlap, software developers increasingly may become subject to infringement claims. Although we believe that we make reasonable efforts to ensure that our products do not violate the intellectual property rights of others, it is possible that third parties still may claim infringement. From time to time, we receive communications from third parties regarding such claims. Existing or future infringement claims against us, whether valid or not, may be time consuming and expensive to defend. Intellectual property litigation or claims could force us to do one or more of the following:

- cease selling, incorporating or using products or services that incorporate the challenged intellectual property;
- obtain a license from the holder of the infringed intellectual property, which license, if available at all, may not be available on commercially favorable terms; or
- redesign our interactive entertainment software products, possibly in a manner that reduces their commercial appeal.

Any of these actions may cause material harm to our business and financial results.

Our business is intensely competitive and profitability is increasingly driven by a few key title releases. If we are unable to deliver key titles, our business may be harmed.

Competition in our industry is intense. New video game products are regularly introduced. Increasingly, profits and revenues in our industry are dominated by certain key product releases and are increasingly produced in conjunction with the latest consumer and media trends. Many of our competitors may have more finances and other resources for the development of product titles than we do. If our competitors develop more successful products, or if we do not continue to develop consistently high-quality products, our revenue will decline.

If we fail to anticipate changes in video game platforms and technology, our business may be harmed.

The interactive entertainment software industry is subject to rapid technological change. New technologies could render our current products or products in development obsolete or unmarketable. Some of these new technologies include:

- new operating systems;
- new media formats
- releases of new video game consoles;
- new video game systems by Microsoft, Nintendo or others.

We must continually anticipate and assess the emergence of, and market acceptance of, new interactive entertainment software platforms well in advance of the time the platform is introduced to consumers. Because product development cycles are difficult to predict, we must make substantial product development and other investments in a particular platform well in advance of introduction of the platform. If the platforms for which we develop new software products or modify existing products are not released on a timely basis or do not attain significant market penetration, or if we develop products for a delayed or unsuccessful platform, our business and financial results could suffer material harm.

New interactive entertainment software platforms and technologies also may undermine demand for products based on older technologies. Our success will depend in part on our ability to adapt our products to those emerging game platforms that gain widespread consumer acceptance. Our business and financial results may suffer material harm if we fail to:

- anticipate future technologies and platforms and the rate of market penetration of those technologies and platforms;
- obtain licenses to develop products for those platforms on favorable terms; or
- create software for those new platforms on a timely basis.

Our software may be subject to governmental restrictions or rating systems.

Legislation is periodically introduced at the state and federal levels in the United States and in foreign countries to establish a system for providing consumers with information about graphic violence and sexually explicit material contained in interactive entertainment software products. In addition, many foreign countries have laws that permit governmental entities to censor the content of interactive entertainment software. We believe that mandatory government-run rating systems eventually will be adopted in many countries that are significant markets or potential markets for our products. We may be required to modify our products to comply with new regulations, which could delay the release of our products in those countries.

Due to the uncertainties regarding such rating systems, confusion in the marketplace may occur, and we are unable to predict what effect, if any, such rating systems would have on our business. In addition to such regulations, certain retailers have in the past declined to stock some of our products because they believed that the content of the packaging artwork or the products would be offensive to the retailer's customer base. While to date these actions have not caused material harm to our business, we cannot assure you that similar actions by our distributors or retailers in the future would not cause material harm to our business.

RISKS RELATED TO OUR STOCK

Some provisions of our charter documents may make takeover attempts difficult, which could depress the price of our stock and inhibit our ability to receive a premium price for your shares.

Our Certificate of Incorporation, as amended, provides for 5,000,000 authorized shares of Preferred Stock. Our Board of Directors has the authority, without any action by the stockholders, to issue up to 4,280,576 shares of preferred stock and to fix the rights and preferences of such shares. In addition, our certificate of incorporation and bylaws contain provisions that:

- eliminate the ability of stockholders to act by written consent and to call a special meeting of stockholders; and
- require stockholders to give advance notice if they wish to nominate directors or submit proposals for stockholder approval.

These provisions may have the effect of delaying, deferring or preventing a change in control, may discourage bids for our common stock at a premium over its market price and may adversely affect the market price, and the voting and other rights of the holders, of our common stock.

Our common stock may be subject to the “Penny Stock” rules which could adversely affect the market price of our common stock.

“Penny stocks” generally include equity securities with a price of less than \$5.00 per share, which are not traded on a national stock exchange or on Nasdaq, and are issued by a company that has tangible net assets of less than \$2,000,000 if the company has been operating for at least three years. The “penny stock” rules require, among other things, broker dealers to satisfy special sales practice requirements, including making individualized written suitability determinations and receiving a purchaser’s written consent prior to any transaction. In addition, additional disclosure in connection with trades in the common stock are required, including the delivery of a disclosure schedule prescribed by the SEC relating to the “penny stock” market. These additional burdens imposed on broker-dealers may discourage them from effecting transactions in our common stock, which may make it more difficult for an investor to sell their shares and adversely affect the market price of our common stock.

Our stock is volatile

The trading price of our common stock has previously fluctuated and could continue to fluctuate in response to factors that are largely beyond our control, and which may not be directly related to the actual operating performance of our business, including:

- general conditions in the computer, software, entertainment, media or electronics industries;
- changes in earnings estimates or buy/sell recommendations by analysts;
- investor perceptions and expectations regarding our products, plans and strategic position and those of our competitors and customers; and
- price and trading volume volatility of the broader public markets, particularly the high technology sections of the market.

Item 2. PROPERTIES

The Company’s headquarters are located in Los Angeles, California, where we lease approximately 2,700 square feet of office space. The facility is leased through October 2012. The Company’s development studio is located in Irvine, California, where we lease approximately 1,700 square feet of office space. The facility is leased until March 2011. We also have a representation office in France.

Item 3. LEGAL PROCEEDINGS

The Company may be involved in various legal proceedings, claims, and litigation arising in the ordinary course of business, including disputes arising over the ownership of intellectual property rights and collection matters. In the opinion of management, the outcome of known routine claims will not have a material adverse effect on the Company’s business, financial condition, or results of operations.

On September 8, 2009 Bethesda Softworks LLC filed a Complaint for Declaratory Judgment, Preliminary Injunction and Other Relief against the Company in the United States District Court for the District of Maryland. Bethesda seeks to terminate the rights Interplay holds to sell and develop certain FALLOUT-branded video games, including a massively-multiplayer online game (“MMOG”). In November 2010, Bethesda amended its complaint to add a copyright infringement claim, which the Company has opposed. Interplay disputes all claims raised by Bethesda and has answered the lawsuit and asserted Counter-Claims, including claims for Breach of Contract, Rescission, Accounting and Declaratory Relief seeking an award of damages and other relief. Interplay also seeks a declaration from the Court that it has not infringed upon the FALLOUT (R) mark or copyrights, that it has satisfied the terms of the Trademark Licensing Agreement related to Interplay’s production of a FALLOUT(R) MMOG, and that it holds the rights to use FALLOUT copyrighted material in the MMOG. Bethesda filed a motion to dismiss Interplay’s counter-claims; the Court denied Bethesda’s motion on January 14, 2011.

The Company received notices from the Internal Revenue Service (“IRS”) that it owes approximately \$410,000 in payroll taxes, payroll tax penalties, and interest for unpaid and late payment of payroll taxes for the years 2008, 2009 and 2010, which has been accrued as of December 31, 2010. The Company is in the process of negotiating a payment plan with the Internal Revenue Service.

The Company received notice from the California Employment Development Department (EDD) that it owes approximately \$83,000 in payroll tax contributions, interest and penalties for the tax years ending 2008, 2009 and 2010 which has been accrued as of December 31, 2010. The Company is in the process of negotiating a payment plan with the EDD.

The Company received notice from the Franchise Tax Board that it owes approximately \$10,000 in franchise tax, interest and penalties for the tax year ending 2008 which has been accrued as of December 31, 2010. The Company has established a monthly payment plan of \$1,000 per month ending in October 2011.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company trades on the NASD-operated Over-the-Counter Bulletin Board. Our common stock is currently traded on the NASD-operated Over-the-Counter Bulletin Board under the symbol "IPLY." At March 30, 2011, there were 98 holders of record of our common stock.

The following table sets forth the range of high and low sales prices for our common stock for the periods indicated.

For the Year ended December 31, 2010

	High	Low
First Quarter	\$.07	\$.04
Second Quarter	.07	.04
Third Quarter	.08	.06
Fourth Quarter	.08	.06

For the Year ended December 31, 2009

	High	Low
First Quarter	\$.10	\$.05
Second Quarter	.09	.06
Third Quarter	.07	.05
Fourth Quarter	.07	.05

Dividend Policy

It is not currently our policy to pay dividends.

Stock Compensation Plans

The following table sets forth certain information regarding our equity compensation plans as of December 31, 2010:

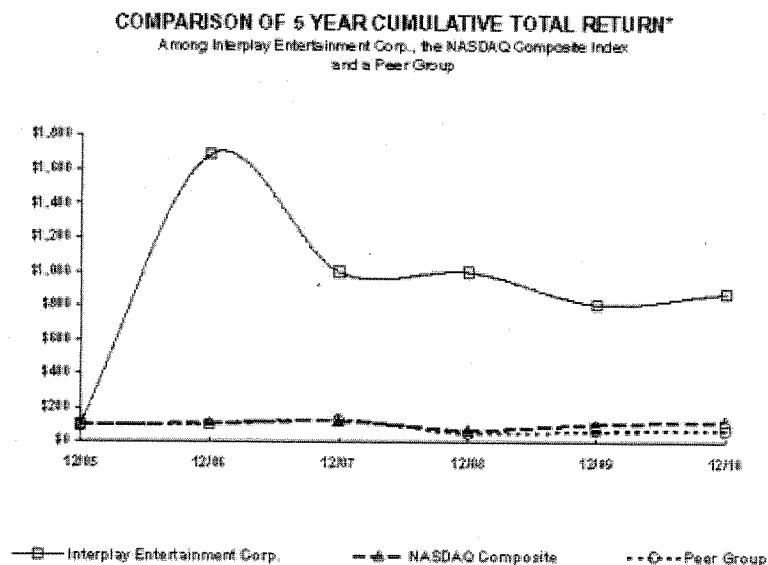
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	4,960,000	0.097	5,040,000
Issuance of Warrants for services and other compensation not approved by security holders	25,195,883	0.13	-
Total	30,155,883		5,040,000

We have one stock option plan currently outstanding. Under the 1997 Stock Incentive Plan, as amended (the "1997 Plan"), we may grant up to 10 million options to our employees, consultants and directors, which generally vest from three to five years.

The estimated fair market value of the warrants and options were charged to compensation expense in the amount of \$32,000, \$667,000 and \$199,000 for the years ended 2010, 2009 and 2008 respectively.

Performance Graph

The following graph compares the cumulative 5-year total return to shareholders on Interplay Entertainment Corp.'s common stock relative to the cumulative total returns of the NASDAQ Composite index, and a customized peer group of eleven companies listed in footnote 1 below. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our common stock, in the peer group, and the index on 12/31/2005 and its relative performance is tracked through 12/31/2010.



(1.) The company's customized peer group includes eleven companies which are: Activision Blizzard Inc, Electronic Arts Inc, Futuremedia PLC, Giant Interactive Group Inc, GLU Mobile Inc, Majesco Entertainment Company, Southpeak Interactive Corp., Take Two Interactive Software Inc, THQ Inc, Webzen Inc and Shanda Interactive Entertainment Limited.

	12/05	12/06	12/07	12/08	12/09	12/10
Interplay Entertainment Corp.	100.00	1687.50	1000.00	1000.00	812.50	875.00
NASDAQ Composite	100.00	111.23	124.24	73.47	106.76	125.43
Peer Group	100.00	104.86	131.86	53.44	67.89	70.11

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

In any of our filings under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended that incorporate this performance graph and the data related thereto by reference, this performance graph and data related thereto will be considered excluded from the incorporation by reference and will not be deemed a part of any such other filing unless we expressly state that the performance graph and the data related thereto is so incorporated.

Item 6. SELECTED FINANCIAL DATA

The selected consolidated statements of operations data for the years ended December 31, 2010, 2009, 2008, 2007 and 2006 and the selected consolidated balance sheets data as of December 31, 2010 and 2009 are derived from our audited consolidated financial statements included elsewhere in this Report. Our historical results are not necessarily indicative of the results that may be achieved for any other period. The following data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements included elsewhere in this Report.

	2010	2009	2008	2007	2006
	(Dollars in thousands, except share and per share amounts)				
Statements of Operations Data:					
Net revenues	\$ 1,380	\$ 1,360	\$ 1,378	\$ 6,001	\$ 967
Cost of goods sold	196	147	12	8	167
Gross profit	1,184	1,213	1,366	5,993	800
Operating expenses:					
Operating expenses	2,125	2,630	1,820	1,538	2,069
Operating (income) loss	(941)	(1,417)	(454)	4,455	(1,269)
Other income (expense)	(93)	(97)	(39)	1,401	4,348
Income (loss) before income taxes	(1,034)	(1,514)	(493)	5,856	3,079
Provision (benefit) for income taxes	-	-	-	-	-
Net income (loss)	<u>\$ (1,034)</u>	<u>\$ (1,514)</u>	<u>\$ (493)</u>	<u>\$ 5,856</u>	<u>\$ 3,079</u>
Cumulative dividend on participating preferred stock					
	\$ -	\$ -	\$ -	\$ -	-
Accretion of warrant	-	-	-	-	-
Net income (loss) available to common stockholders	<u>\$ (1,034)</u>	<u>\$ (1,514)</u>	<u>\$ (493)</u>	<u>\$ 5,856</u>	<u>\$ 3,079</u>
Net income (loss) per common share:					
Basic	\$ (0.01)	\$ (0.01)	\$ (0.005)	\$ 0.059	\$ 0.030
Diluted	<u>(0.01)</u>	<u>(0.01)</u>	<u>\$ (0.005)</u>	<u>\$ 0.057</u>	<u>\$ 0.030</u>
Shares used in calculating net income (loss) per common share - basic					
	120,662	108,770	103,482	99,197	100,513
Shares used in calculating net income (loss) per common share - diluted					
	120,662	108,770	103,482	102,028	102,603
Selected Operating Data:					
Net revenues by geographic region:					
North America	\$ 895	\$ 1,048	\$ 89	\$ 5	\$ 203
International	485	312	239	246	632
OEM, royalty and licensing	-	-	-	-	132
Other	-	-	1,050	5,750	-
Net revenues by platform:					
Personal computer	\$ 778	\$ 1,042	\$ 261	\$ 222	\$ 456
Video game console	265	100	67	29	379
OEM, royalty and licensing	226	218	-	-	132
Mobile Platforms	111	-	-	-	-
Other	-	-	1,050	5,750	-
Online licensing	-	-	-	-	-
December 31,					
	2010	2009	2008	2007	2006

Balance Sheets Data:

(Dollars in thousands)

Working capital deficiency	\$ (2,877)	\$ (2,841)	\$ (2,415)	\$ (2,279)	\$ (8,098)
Total assets	291	197	163	1,201	323
Total liabilities	3,134	2,997	2,520	3,480	8,410
Stockholders' deficit	(2,843)	(2,800)	(2,357)	(2,279)	(8,087)

Item 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion and analysis in conjunction with the Consolidated Financial Statements and notes thereto and other information included or incorporated by reference herein.

Executive Overview and Summary

Interplay Entertainment Corp. is a publisher, distributor and licensor of interactive entertainment software for both core gamers and the mass market. We are most widely known for our titles in the action/arcade, adventure/role playing game (RPG), and strategy/puzzle categories. We have produced and licensed titles for many of the most popular interactive entertainment software platforms.

The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not purport to represent realizable or settlement values. The Report of Independent Registered Public Accounting Firm for the December 31, 2010 consolidated financial statements includes an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern.

We entered into various distribution and licensing agreements during 2010 under which we utilized others to exploit games that we have intellectual property rights to. We expect in 2011 to enter into similar distribution and license arrangements to generate cash for the Company's operations.

In 2010, we launched, *Interplay Discovery*™, a new publishing program for original games to introduce promising developers from all over the world to the global market by releasing great indie new games on all platforms. We already released *Pinball Yeah!* on iPhone, Android, PC & Mac, *Tommy Tronic* on PC and *Homesteader* on PC under this program. We expect in 2011 to release at least two more new titles under this program.

During 2007 we sold "Fallout" to a third party and entered into, subject to satisfaction of various conditions, a license back which could allow us to create, develop and exploit a "Fallout" Massively Multiplayer Online Game. We are planning to exploit the license back of "Fallout" MMOG.

We have entered into various agreements with several experienced Video Game studios for the development of games based on our Intellectual properties. As a result of such agreements we currently have under production or pre production games based on Battlechess, Clayfighter, Dark Alliance, Descent, Earthworm Jim, MDK2 and Stonekeep. These games when completed will be available for various platforms including mobile devices, Apple iPod and iPad, Nintendo Wiiware and Dsiware, Xbox Live Arcade, and Personal Computers. We are planning to publish 3DS and Facebook games in the future.

We also continue full scale development of a Massively Multiplayer Online Game (MMOG), code named "Project: V13" for personal computers. This MMOG has been in design and development at Interplay since November 2007.

Our development partners are working under the direction and control of Interplay's creative team to complete development of each project to very high quality standards.

We continue to seek external sources of funding, including but not limited to, incurring debt, the selling of assets or securities, licensing of certain product rights in selected territories, selected distribution agreements, and/or other strategic transactions sufficient to provide short-term funding, and achieve our long-term strategic objectives.

Our products were either designed and created by our employees or by external software developers. In the past, when we used external developers, we typically advanced development funds to the developers in installment payments based upon the completion of certain milestones. These advances were typically considered advances against future royalties. We currently have several products in development with external developers under a net-revenue-sharing model rather than traditional development funds advances.

Our operating results will continue to be impacted by economic, industry and business trends affecting the interactive entertainment industry. Our industry is highly seasonal, with the highest levels of consumer demand occurring during the year-end holiday buying season. With the release of new console systems by Nintendo and Microsoft, our industry has entered into a new cycle that could affect marketability of new products, if any.

Our operating results have fluctuated significantly in the past and likely will fluctuate significantly in the future, both on a quarterly and an annual basis. A number of factors may cause or contribute to such fluctuations, and many of such factors are beyond our control.

Management's Discussion of Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, prepaid licenses and royalties and software development costs. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in preparation of our consolidated financial statements.

Revenue Recognition

We recognize revenue from sales when we deliver product to customers or by distributors, net of sales commissions, only as the distributor recognizes sales of the Company's products to unaffiliated third parties. Sales commissions are recorded when incurred. For those agreements that provide the customers the right to multiple copies of a product in exchange for guaranteed amounts, revenue is recognized as earned. Guaranteed minimum royalties on sales, where the guarantee is not recognized upon delivery, are recognized as the minimum payments come due. The Company recognizes revenue on expired contracts when the termination date of the contract is reached because guaranteed minimum royalties are not reimbursable and are recorded as revenue.

We generally are not contractually obligated to accept returns, except for defective, shelf-worn and damaged products. However, on a case-by-case negotiated basis, we permit customers to return or exchange products and may provide price concessions to our retail distribution customers on unsold or slow moving products. We record revenue net of a provision for estimated returns, exchanges, markdowns, price concessions, and warranty costs. We record such reserves based upon management's evaluation of historical experience, current industry trends and estimated costs. The amount of reserves ultimately required could differ materially in the near term from the amounts provided in the accompanying consolidated financial statements.

We also engage in the sale of licensing rights on certain products. The terms of the licensing rights differ, but normally include the right to develop and distribute a product on a specific video game platform. We recognize revenue when the rights have been transferred and no other obligations exist.

Software Development Costs

Software development costs include payments made to independent software developers under development agreements, as well as direct costs incurred for internally developed products. Software development costs are capitalized once the technological feasibility of a product is established and such costs are determined to be recoverable. Technological feasibility of a product encompasses both technical design documentation and game design documentation. For products where proven technology exists, this may occur early in the development cycle. Technological feasibility is evaluated on a product-by-product basis. Prior to a product's release, we expense, as part of "cost of sales — software royalties and amortization," capitalized costs when we believe such amounts are not recoverable. Capitalized costs for those products that are cancelled or abandoned are charged to product development expense in the period of cancellation. Amounts related to software development which are not capitalized are charged immediately to product development expense. We evaluate the future recoverability of capitalized amounts on a quarterly basis. The recoverability of capitalized software development costs is evaluated based on the expected performance of the specific products for which the costs relate. Criteria used to evaluate expected product performance include: historical performance of comparable products using comparable technology; orders for the product prior to its release; and estimated performance of a sequel product based on the performance of the product on which the sequel is based.

Commencing upon product release, capitalized software development costs are amortized to "cost of sales — software royalties and amortization" based on the ratio of current revenues to total projected revenues, generally resulting in an amortization period of six months or less. For products that have been released in prior periods, we evaluate the future recoverability of capitalized amounts on a quarterly basis. The primary evaluation criterion is actual title performance.

Significant management judgments and estimates are utilized in the assessment of when technological feasibility is established, as well as in the ongoing assessment of the recoverability of capitalized costs. In evaluating the recoverability of capitalized costs, the assessment of expected product performance utilizes forecasted sales amounts and estimates of additional costs to be incurred. If revised forecasted or actual product sales are less than and/or revised forecasted or actual costs are greater than the original forecasted amounts utilized in the initial recoverability analysis, the net realizable value may be lower than originally estimated in any given quarter, which could result in an impairment charge.

Other significant accounting policies not involving the same level of measurement uncertainties as those discussed above, are nevertheless important to an understanding of the consolidated financial statements. The policies related to consolidation and loss contingencies require difficult judgments on complex matters that are often subject to multiple sources of authoritative guidance. Certain of these matters are among topics currently under reexamination by accounting standards setters and regulators. Although no specific conclusions reached by these standard setters appear likely to cause a material change in our accounting policies, outcomes cannot be predicted with confidence. Please see Note 2 of Notes to Consolidated Financial Statements, Summary of Significant Accounting Policies, which discusses accounting policies that must be selected by management when there are acceptable alternatives.

Results of Operations

The following table sets forth certain consolidated statements of operations data and segment and platform data for the periods indicated expressed as a percentage of net revenues:

The following table sets forth certain consolidated statements of operations data and segment and platform data for the periods indicated expressed as a percentage of net revenues:

	Years Ended December 31,		
	2010	2009	2008
Statements of Operations Data:			
Net revenues	100%	100%	100%
Cost of goods sold	14	10	--
Gross margin	86	90	100
Operating expenses:			
Marketing and sales	16	26	--
General and administrative	101	146	108
Product development	37	21	24
Total operating expenses	154	193	132
Operating income (loss)	(68)	(103)	(32)
Other income (expense)	(7)	(7)	(3)
Income (loss) before provision for income taxes	(75)	(110)	(35)
Provision for income taxes	0	0	-
Net income (loss)	(75) %	(110) %	(35) %
Selected Operating Data:			
Net revenues by segment:			
North America	65%	77%	6%
International	35	23	17
Other	0	0	77
	100%	100%	100%
Net revenues by platform:			
Personal computer	57%	77%	19%
Video game console	19	7	5
OEM, royalty and licensing	16	16	0
Mobile platforms	8	0	0
Other	--	--	76
	100%	100%	100%

Geographically, our net revenues for the years ended December 31, 2010 and 2009 breakdown as follows: (in thousands)

	2010	2009	Change	% Change
North America	\$ 895	\$ 1,048	\$ (153)	(14.6)%
International	485	312	173	55%
Net Revenues	1,380	1,360	20	1.0%

Geographically, our net revenues for the years ended December 31, 2009 and 2008 breakdown as follows: (in thousands)

	2009	2008	Change	% Change
North America	\$ 1,048	\$ 1,139	\$ (91)	(8.0)%
International	312	239	73	31%
Net Revenues	1,360	1,378	(18)	(1.0)%

North American, International and OEM, Royalty and Licensing Net Revenues

Net revenues for the year ended December 31, 2010 were \$1,380,000, an increase of 1% compared to the same period in 2009. The net revenues for the year ended December 31, 2010 were driven by retail distribution and electronic distribution of back catalog games. Net revenues for the year ended December 31, 2009 were \$1,360,000, a decrease of 1% compared to the same period in 2008. The net revenues for the year ended December 31, 2009 were driven by retail distribution and electronic distribution of back catalog games. Net revenues of retail and electronic distribution of back catalog games decreased to \$1,360,000 for the year ended December 31, 2009 as compared to \$1,378,000 for the year ended December 31, 2008. This was a decrease in net revenues in the amount of \$18,000.

North American net revenues for the year ended December 31, 2010 were \$895,000 as compared to \$1,048,000, a decrease of 14.6% compared to the same period in 2009. The net revenues for the year ended December 31, 2010 were driven by retail distribution and electronic distribution of back catalog games.

North American net revenues for the year ended December 31, 2009 were \$1,048,000 as compared to \$1,139,000 a decrease of 8.0% compared to the same period in 2008. The net revenues for the year ended December 31, 2009 were driven by retail distribution and electronic distribution of back catalog games. The Company recognized \$1,050,000 in revenues from Atari Interactive exercising an existing option and \$89,000 in North American royalties earned in 2008.

International net revenues for the year ended December 31, 2010 were \$485,000 as compared to \$312,000 an increase of 55% compared to the same period in 2009. The increase in International net revenues compared to the year ended December 31, 2009 was mainly due to a 55% increase in international net revenues for the year ended December 31, 2010, which was driven by retail distribution and electronic distribution of back catalog games.

International net revenues for the year ended December 31, 2009 were \$312,000, as compared to \$239,000 an increase of 31% compared to the same period in 2008. The increase in net revenue for the year ended December 31, 2009 driven by retail distribution and electronic distribution of back catalog games.

Publishing Net Revenues by Platform, Contracts and Licensing Deals Net Revenues

Our publishing net revenues by platform, contracts and licensing deals net revenues for the years ended December 31, 2010 and 2009 breakdown are as follows: (in thousands)

	2010	2009	Change	% Change
Personal Computer	\$ 778	\$ 1042	\$ (264)	(25)%
Video Game Console	265	100	165	165%
OEM, Royalty & Licensing	226	218	8	4%
Mobile Platforms	111	0	111	100%
Net Revenues	<u>\$ 1,380</u>	<u>\$ 1,360</u>	<u>\$ 20</u>	<u>1.0%</u>

PC net revenues for PC net revenues the year ended December 31, 2010 were \$778,000, a decrease of 25% compared to the same period in 2009. The decrease in PC net revenues in 2010 was primarily from retail distribution of back catalog games.

Our video game console net revenues for the year ended December 31, 2010 were \$265,000 an increase of 165% compared to the same period in 2009, mainly due to electronic distribution of back catalog games.

Our OEM, royalty and licensing revenues for the year ended December 31, 2010 was \$226,000, an increase of 4% compared to the same period in 2009, due to new back catalog games licensing.

Mobile revenues earned were \$111,000. Mobile revenues were not earned during the same period in 2009.

Publishing Net Revenues by Platform, Atari option exercise agreement", Contracts and Licensing Deals Net Revenues

Our publishing net revenues by platform, contracts and licensing deals net revenues for the years ended December 31, 2009 and 2008 breakdown are as follows: (in thousands)

	2009	2008	Change	% Change
Personal Computer	\$ 1042	\$ 261	\$ 781	299%
Video Game Console	100	67	33	49%
OEM, Royalty & Licensing	218	---	218	100%
Other	---	1,050(1)	(1,050)	(100)%
Net Revenues	<u>\$ 1,360</u>	<u>\$ 1,378</u>	<u>\$ (18)</u>	<u>(1.0)%</u>

(1) Recognition of Revenue of Atari Option Exercise Agreement.

PC net revenues for PC net revenues the year ended December 31, 2009 were \$1,042,000, an increase of 299% compared to the same period in 2008. The increase in PC net revenues in 2009 was primarily from retail distribution and electronic distribution of back catalog games.

Our video game console net revenues for the year ended December 31, 2009 were \$100,000 an increase of 49% compared to the same period in 2008, mainly due to electronic distribution of back catalog games.

Our OEM, royalty and licensing revenues for the year ended December 31, 2009 were \$218,000, an increase of 100% compared to the same period in 2008, due to new back catalog games licensing.

The Company had \$1,050,000 in income from Atari Interactive exercising an existing option to purchase certain intellectual properties from the company in exchange for debt as a onetime non-recurring event during 2008.

Cost of Goods Sold; Gross Margin

Cost of goods sold related to PC and video game console net revenues represents the manufacturing and related costs of interactive entertainment software products, including costs of media, manuals, duplication, packaging materials, assembly, freight and royalties paid to developers, licensors and hardware manufacturers. Cost of goods sold related to royalty-based net revenues primarily represents third party licensing fees and royalties paid by us. Typically, cost of goods sold as a percentage of net revenues for video game console products are higher than cost of goods sold as a percentage of net revenues for PC based products due to the relatively higher manufacturing and royalty costs associated with video game console and affiliate label products. We also include in the cost of goods sold the amortization of prepaid royalty and license fees we pay to third party software developers. We expense prepaid royalties over a period of six months commencing with the initial shipment of the title at a rate based upon the numbers of units shipped. We evaluate the likelihood of future realization of prepaid royalties and license fees quarterly, on a product-by-product basis, and charge the cost of goods sold for any amounts that we deem unlikely to realize through future product sales.

Our net revenues, cost of goods sold and gross margin for the years ended December 31, 2010 and 2009 breakdown as follows: (in thousands)

	2010	2009	Change	% Change
Net Revenues	\$ 1,380	\$ 1,360	\$ 20	1.0%
Cost of Goods Sold	196	147	49	33.3%
Gross Margin	<u>\$ 1,184</u>	<u>\$ 1,213</u>	<u>\$ (29)</u>	<u>(2.0)%</u>

Our cost of goods sold increased to \$196,000 in the year ended December 31, 2010 compared to \$147,000 in the same period in 2009. Our gross margin decreased to \$1,184,000 for the twelve months ended December 31, 2010 from \$1,213,000 in the comparable period in 2009. The increase in cost of goods sold during 2010 is attributable to the retail distribution and electronic distribution of back catalog games.

Our net revenues, cost of goods sold and gross margin for the years ended December 31, 2009 and 2008 breakdown as follows: (in thousands)

	2009	2008	Change	% Change
Net Revenues	\$ 1,360	\$ 1,378	\$ (18)	(1.3)%
Cost of Goods Sold	147	12	135	1,112%
Gross Margin	1,213	1,366	(153)	(11.2)%

Our cost of goods sold increased to \$147,000 in the year ended December 31, 2009 compared to \$12,000 in the same period in 2008. Our gross margin decreased to \$1,213,000 for the twelve months ended December 31, 2009 from \$1,366,000 in the comparable period in 2008. The increase in cost of goods sold during 2009 is attributable to the retail distribution of "Fallout". The decrease in gross margin was primarily due to the recognition of the Atari non recurring transaction in 2008.

Marketing and Sales

Our marketing and sales expenses for the years ended December 31, 2010 and 2009 breakdown as follows: (in thousands)

	2010	2009	Change	% Change
Marketing and Sales	\$ 216	\$ 359	\$ (143)	(40.0)%

Marketing and sales expenses primarily consist of sales commissions, and other related operating expenses. Marketing and sales expenses for the twelve months ended December 31, 2010 were \$216,000, a 40% decrease as compared to the same period in 2009. The decrease in marketing and sales expense was primarily due to a reduction in sales commission.

Our marketing and sales expenses for the years ended December 31, 2009 and 2008 breakdown as follows: (in thousands)

	2009	2008	Change	% Change
Marketing and Sales	\$ 359	\$ ---	\$ 359	100%

Marketing and sales expenses for the twelve months ended December 31, 2009 was \$359,000, a 100% increase as compared to the 2008. The increase in marketing and sales expenses was primarily due to sales commissions incurred under various distribution agreements paid in connection with retail and electronic distribution of back catalog games.

General and Administrative

Our general and administrative expenses for the years ended December 31, 2010 and 2009 breakdown as follows: (in thousands)

	2010	2009	Change	% Change
General and Administrative	\$ 1,395	\$ 1,992	\$ (597)	(30.0)%

General and administrative expenses primarily consist of administrative personnel expenses, facilities costs, compensation expense for options, legal expenses and other related operating expenses. General and administrative expenses for the year ended December 31, 2010 were \$1,395,000, a 30.0% decrease as compared to the same period in 2009. This decrease was mainly due to a charge for options in 2009.

Our general and administrative expenses for the years ended December 31, 2009 and 2008 breakdown as follows: (in thousands)

	2009	2008	Change	% Change
General and Administrative	\$ 1,992	\$ 1,492	\$ 500	33.5%

General and administrative expenses primarily consist of administrative personnel expenses, facilities costs, professional fees, and other related operating expenses. General and administrative expenses for the year ended December 31, 2009 were \$1.992 million, a 33.5% increase as compared to the same period in 2008. The increase was mainly due to a change in accounting for stock options in 2009.

Product Development

Our product development expenses for the years ended December 31, 2010 and 2009 breakdown as follows: (in thousands)

	2010	2009	Change	% Change
Product Development	\$ 514	\$ 279	\$ 235	84.23%

Product development expenses for the year ended December 31, 2010 were \$ 514,000, an 84.23% increase as compared to the same period in 2009. This increase was mainly due to a increase in staffing and overhead attributable to the continued development on PV13.

Our product development expenses for the years ended December 31, 2009 and 2008 breakdown as follows: (in thousands)

	2009	2008	Change	% Change
Product Development	\$ 279	\$ 328	\$ (49)	(14.9)%

Product development expenses for the year ended December 31, 2009 were \$ 279,000, a 14.9% decrease as compared to the same period in 2008. The decrease was mainly due to a decrease in staffing in the amount of (\$63,000) and an increase in overhead of \$14,000.

Other Expense (Income), Net

Our other expense for the years ended December 31, 2010 and 2009 breakdown as follows: (in thousands)

	2010	2009	Change	% Change
Other Expense (Income)	93	97	(4)	(4.1)%

Other income consists primarily of interest expense on debt in the amount of \$45,000, foreign currency exchange transactions losses of \$6,000, and other nonrecurring settlement of \$15,000, prior year under accrued expenses of \$30,000 and additional miscellaneous adjustments of (\$ 3,000).

Our other expense for the years ended December 31, 2009 and 2008 breakdown as follows: (in thousands)

	2009	2008	Change	% Change
Other Expense (Income)	97	39	58	148.7%

Other income consists primarily of interest expense on debt in the amount of \$39,000, bad debt expenses in the amount of \$13,000, foreign currency exchange transactions loss of \$14,000, write off of intellectual properties of \$126,000, nonrecurring income licensing settlements of (\$35,000), prior period reversals of accruals of (\$35,000), rental income in the amount of (\$4,000) and additional miscellaneous adjustments of \$(21,000).

Provision for Income Taxes

We recorded no tax provision for the years ended December 31, 2010, 2009 or 2008.

Liquidity and Capital Resources

As of December 31, 2010, we had a working capital deficit of approximately \$2,877,000, and our cash balance was approximately \$3,000. We cannot continue to fund our current operations without obtaining additional financing or income.

During 2007 we sold "Fallout" to a third party and entered into, subject to satisfaction of various conditions, the license back which could allow us to create, develop and exploit a "Fallout" MMOG. We are planning to exploit the license back of "Fallout" MMOG.

We have contracted with Masthead Studios to fund the development of a Massively Multiplayer Online Game (MMOG), code named "Project: V13." As a part of the agreement, the game utilizes Masthead's proprietary tools and MMOG technology developed for Masthead's "Earthrise" project.

We are leveraging our portfolio of gaming properties through sequels and various development and publishing arrangements. We are developing sequels to some of our most successful games, including Battlechess, Clayfighter, Earthworm Jim, Dark Alliance, Descent, MDK2 and Stonekeep. We have reinitiated our in-house game development studio, and have hired game developers. We have obtained distribution rights to Prehistorik Man and Legendary Wars: T-Rex Rumble for Nintendo DSi.

We are discovering new developers from all over the world and introducing them to the global market by releasing their games on all platforms under our **Interplay Discovery**™ publishing program. We already released *Pinball Yeah!* on iPhone/iPad, Android, PC & Mac, *Tommy Tronic* on PC and *Homesteader* on PC under this program.

We have entered into a Game Production Agreement with Interactive Game Group which provides for the financing of game development under certain conditions.

We continue to seek external sources of funding, including but not limited to, incurring debt, the selling of assets or securities, licensing of certain product rights in selected territories, selected distribution agreements, and/or other strategic transactions sufficient to provide short-term funding, and achieve our long-term strategic objectives.

If we do not receive sufficient financing or income we may (i) liquidate assets, (ii) sell the company (iii) seek protection from our creditors including the filing of voluntary bankruptcy or being the subject of involuntary bankruptcy, and/or (iv) continue operations, but incur material harm to our business, operations or financial conditions. These conditions, combined with our historical operating losses and our deficits in stockholders' equity and working capital, raise substantial doubt about our ability to continue as a going concern.

Our primary capital needs have historically been working capital requirements necessary to fund our operations. Our operating activities used cash of \$669,000 during the twelve months ended December 31, 2010.

We entered into various licensing agreements during 2010 under which we licensed others to exploit games that we have intellectual property rights to. We expect in 2011 to enter into similar license arrangements to generate cash for the Company's operations.

No assurance can be given that funding can be obtained by us on acceptable terms, or at all. These conditions, combined with our deficits in stockholders' equity and working capital, raise substantial doubt about our ability to continue as a going concern.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements under which we have obligations under a guaranteed contract including indirect guarantees of indebtedness of others. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets. We also do not have any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument. We have no obligations, including a contingent obligation arising out of a variable interest in an unconsolidated entity that is held by, and material to, the registrant, where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with the registrant.

Contractual Obligations

The following table summarizes certain of our contractual obligations under non-cancelable contracts and other commitments at December 31, 2010, and the effect such obligations are expected to have on our liquidity and cash flow in future periods (in thousands).

Contractual Obligations	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Lease Commitments (1)	\$ 245	\$ 120	\$ 125	\$ --	\$ --

(1) The Company as of November 1, 2009 has relocated to new offices in Los Angeles and has a lease commitment through October 2012. The Company also has a lease commitment in Irvine for our new development offices through March 31, 2011. The Company is in negotiations to extend the lease in Irvine. The Company also has a lease commitment at the French representation office through February 28, 2014.

Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements. In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 160 (Accounting Standards Codification ("ASC") Topic 810), "Noncontrolling Interests in Consolidated Financial Statements" ("FAS 160"). This Statement amends Accounting Research Bulletin ("ARB") No. 51, "Consolidated Financial Statements" to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. FAS 160 is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008. We adopted this statement on January 1, 2009. The presentation and disclosure requirements of FAS 160 were applied retrospectively. Other than the change in presentation of noncontrolling interests, the adoption of FAS 160 had no impact on our results of operations, financial position or cash flows.

In June 2009, the FASB issued SFAS No. 166 (ASC Topic 860), "Accounting for Transfers of Financial Assets—an amendment to FASB Statement No. 140," ("FAS 166"). The purpose of FAS 166 is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. FAS 166 is effective at the start of a company's first fiscal year beginning after November 15, 2009, which we adopted on January 1, 2010. The adoption did not have a material impact on our results of operations, financial position or cash flows.

In June 2009, the FASB issued SFAS No. 167 (ASC Topic 810), "Amendments to FASB Interpretation No. 46(R)," ("FAS 167"). The purpose of FAS 167 is to improve financial reporting by enterprises involved with variable interest entities. FAS 167 is effective at the start of a company's first fiscal year beginning after November 15, 2009, or January 1, 2010 for companies reporting earnings on a calendar-year basis, which will be our fiscal year 2011. Our adoption of this pronouncement on April 1, 2010 did not have a material impact on our results of operations, financial position or cash flows. In December 2009, the FASB issued ASU 2009-17, "Consolidations (Topic 810)—Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities," which codified FAS 167. In October 2009, the FASB issued ASU 2009-13, "Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force" ("ASU 2009-13"). ASU 2009-13 provides criteria for separating consideration in multiple-deliverable arrangements. It establishes a selling price hierarchy for determining the price of a deliverable and expands the disclosures related to a vendor's multiple-deliverable revenue arrangements. ASU 2009-13 is effective prospectively for arrangements entered into or materially modified in years beginning after June 15, 2010, which will be our fiscal 2011. We are still evaluating the impact that the adoption of ASU 2009-13 will have on our results of operations, financial position or cash flows.

In January 2010, the FASB issued ASU 2010-02, "Consolidation (Topic 810): Accounting and Reporting for Decreases in Ownership of a Subsidiary" ("ASU 2010-02"). This amendment to Topic 810 clarifies, but does not change, the scope of current US GAAP. It clarifies the decrease in ownership provisions of Subtopic 810-10 and removes the potential conflict between guidance in that Subtopic and asset derecognition and gain or loss recognition guidance that may exist in other US GAAP. An entity will be required to follow the amended guidance beginning in the period that it first adopts FAS 160 (now included in Subtopic 810-10). For those entities that have already adopted FAS 160, the amendments are effective at the beginning of the first interim or annual reporting period ending on or after December 15, 2009, which we adopted on January 1, 2010. The amendments should be applied retrospectively to the first period that an entity adopted FAS 160. Our adoption of this pronouncement did not have a material impact on our results of operations, financial position or cash flows.

In January 2010, the FASB issued ASU 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements" ("ASU 2010-06"). ASU 2010-06 amends ASC 820 and clarifies and provides additional disclosure requirements related to recurring and non-recurring fair value measurements and employers' disclosures about postretirement benefit plan assets. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, which was our quarter ending March 31, 2010. Our adoption of this pronouncement did not have a material impact on our results of operations, financial position or cash flows. Disclosures about purchases, sales, issuances, and settlements in the roll forward activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years, which will be our quarter ending June 30, 2011. The adoption is not expected to have a material impact on our results of operations, financial position or cash flows.

On July 1, 2009, the Financial Accounting Standards Board (FASB) launched the FASB Accounting Standards Codification as the single source of authoritative nongovernmental U.S. generally accepted accounting principles (GAAP). The Codification is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards documents are superseded as described in FASB Statement No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles. All other accounting literature not included in the Codification is nonauthoritative.

Other recent accounting updates issued by FASB and the SEC did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not have any derivative financial instruments as of December 31, 2010. However, we are exposed to certain market risks arising from transactions in the normal course of business, principally the risk associated with foreign currency fluctuations. We do not hedge our risk associated with foreign currency fluctuations.

Foreign Currency Risk

Our earnings are affected by fluctuations in the value of our foreign subsidiary's functional currency, and by fluctuations in the value of the functional currency of our foreign receivables.

We recognized a \$6,000 loss, \$14,000 loss and \$9,000 gain during the years ended December 31, 2010, 2009 and 2008, respectively, primarily in connection with foreign exchange fluctuations in the timing of payments received on accounts receivable from foreign distributors or licensees.

Item 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Consolidated Financial Statements begin on page F-1 of this report.

Item 9A. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and interim Chief Financial Officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon this evaluation, our Chief Executive Officer and interim Chief Financial Officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, in ensuring that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms and in timely alerting him to material information required to be included in this report.

There were no changes made in our internal controls over financial reporting that occurred during the quarter ended December 31, 2010 that have materially affected or reasonably likely to materially affect these controls.

Our management, including the CEO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material errors. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations on all internal control systems, our internal control system can provide only reasonable assurance of achieving its objectives and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, and/or by management override of the control. The design of any system of internal control is also based in part upon certain assumptions about the likelihood of future events, and can provide only reasonable, not absolute, assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in circumstances, and/or the degree of compliance with the policies and procedures may deteriorate.

Management Report on Internal Control over Financial Reporting

The Company's management, including our Chief Executive Officer and interim Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for Interplay Entertainment Corp. and its subsidiaries (the "Company"). The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changing conditions, effectiveness of internal control over financial reporting may vary over time. The Company's processes contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010, based on the criteria for effective internal control described in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2010.

Item - 9B. OTHER INFORMATION

Our independent public accountant Jeffrey S. Gilbert C.P.A., has declined to stand for re-election due to his retirement.

Mr. Gilbert's reports on the financial statements of the Registrant for the years ended December 31, 2009 and 2008 contained an explanatory paragraph regarding a registrant's ability to continue as a going concern.

During the years ended December 31, 2009 and 2008 and through April 12, 2011, there were no disagreements with Mr. Gilbert on any accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to Mr. Gilbert's satisfaction, would have caused him to make reference thereto in connection with his report on the Registrant's financial statements for such years.

No reportable event as described in paragraph (a)(1)(v) of Item 304 of Regulation S-K has occurred during the years ended December 31, 2009 and 2008 and through April 12, 2011.

The Registrant's Audit Committee requested that Jeffrey S. Gilbert, C.P.A. furnish it with a letter addressed to the United States Securities and Exchange Commission stating whether or not it agrees with the above statements. A copy of such letter was filed as an exhibit to the 8-K filed on April 12, 2011.

On April 12, 2011, the Registrant's Audit Committee appointed Farber Hass Hurley LLP, as the independent registered public accounting firm of the Registrant for the year ended December 31, 2010. Farber Hass Hurley LLP has provided secondary review of Mr. Gilbert's reports on the Registrant's financial statements since June 2010 and therefore is familiar with the Registrant's financial reporting.

The Audit Committee did not consult with Farber Hass Hurley LLP during the years ended December 31, 2009 and 2008 or during the period through April 12, 2011, on any matter which was the subject of any disagreement or any reportable event as defined in Regulation S-K Item 304(a)(1)(iv) and Regulation S-K Item 304(a)(1)(v), respectively, or on the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Registrant's financial statements, relating to which either a written report was provided to the Audit Committee or oral advice was provided that Farber Hass Hurley LLP concluded was an important factor considered by the Audit Committee in reaching a decision as to the accounting, auditing or financial reporting issue.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information in Item 10 is incorporated herein by reference to the section entitled "Proposal One --- Election of Directors" contained in the Proxy Statement (the "Proxy Statement") for the 2010 annual meeting of the stockholders to be filed with the Securities and Exchange Commission within 120 days of the close of the fiscal year ended December 31, 2010.

Item 11. EXECUTIVE COMPENSATION

The information in Item 11 is incorporated herein by reference to the section entitled "Proposal One --- Election of Directors" contained in the Proxy Statement.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information in Item 12 is incorporated herein by reference to the section entitled "General Information" --- Security Ownership of Certain Beneficial Owners and Management" and "Proposal One --- Election of Directors" contained in the Proxy Statement.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information in Item 13 is incorporated herein by reference to the section entitled "Proposal One --- Election of Directors" contained in the Proxy Statement.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information in Item 14 is incorporated herein by reference to the section entitled by reference to the section entitled "Proposal Two --- Ratification of the Appointment of Independent Registered Public Accountant Firm" contained in the Proxy Statement.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents, except for exhibit 32.1 which is being furnished herewith, are filed as part of this report:

(1) Financial Statements

The list of financial statements contained in the accompanying Index to Consolidated Financial Statements covered by the Reports of Independent Registered Public Accounting Firms is herein incorporated by reference.

(2) Financial Statement Schedules

All other schedules are omitted because they are not applicable or the required information is included in the Consolidated Financial Statements or the Notes thereto.

(3) Exhibits

The list of exhibits on the accompanying Exhibit Index is herein incorporated by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized, at Los Angeles, California this 24th day of May, 2011.

INTERPLAY ENTERTAINMENT CORP.

/s/ Hervé Caen

Hervé Caen

Its: Chief Executive Officer and

Interim Chief Financial Officer

(Principal Executive and

Financial and Accounting Officer)